



**VOLUME 55**

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*"We will open the book. Its pages are blank. We are going to put words on them ourselves. The book is called Opportunity and its first chapter is New Year's Day."*

*~Edith Lovejoy Pierce*

***The South Dakota Real Estate Commission members and staff wish you peace this holiday season and success in the New Year.***

**SDREC has a NEW WEBSITE ADDRESS! IT IS:**

**<http://sdrec.sd.gov>**



## From the Director's Desk

On December 8, 2010, several administrative rules went into effect. The majority of them affect licensees who conduct real estate auctions. However, of interest to all licensees, are the ability for advance payments under certain circumstances and the ability for the Commission to issue Consent Orders in lieu of formal proceedings. For those licensees who conduct real estate auctions please go to the Commission's website to see the entire auctioneer rules chapter.

In addition to the major revisions of the auctioneer chapter, new auction forms are now in place. These, too, are available on the Commission's website and should be implemented into your practice immediately. Of special note, there are now two purchase agreements that can be used. One involves a buyer's premium and the other does not.

I wish to thank the members of the Auction Task Force (Jerry Casteel, Martin Jurisch, Richard Korgstad, Tom Souvignier, Chuck Sutton, Commissioner Charlie Larkin and Compliance Officer Michelle Metzinger) and the South Dakota Auctioneers Association for assisting the Commission in this complex project.

It has come to my attention that outdated home inspection reports are being given to buyers. For instance, a home inspection may have been done by a buyer who does not go through with the sale. The licensee may retain the report and then gives it to another buyer. I have also heard that buyer agents who know that a home inspector possesses a report on a property a buyer is interested in to go with the inspector and ask to purchase the inspection report at a discounted price. A home inspection report is based on the current condition of the home at the time of inspection. After that, the condition could change. Buyers cannot make an informed decision when using outdated

inspection reports and it is a licensee's duty to make sure that buyers are basing their decision on the report given to them from the home inspector that they hired.

I wish you seasons greetings and best wishes for a happy and fulfilling new year.

*DjN*

## SDREC New Administrative Rules in Effect

The administrative rules adopted by the Commission at its October 7<sup>th</sup> rules hearing took effect December 8<sup>th</sup>.

The effect of these rules changes will be to permit a licensee to receive advance compensation if the compensation is placed in the broker's trust account until completion of the service performed, authorize the commission to issue consent orders, define auction terms, establish listing requirements, advertising guidelines, and procedures when selling real estate at auction, require auctioneers to retain certain records, prohibit auctioneers from performing certain acts, distinguish licensees who are permitted to conduct auctions, and allow an inactive nonresident licensee to renew without filing a certification of licensure from the licensee's resident state.

The text of the adopted rules can be found on the SDREC website at <http://sdrec.sd.gov> – under the "What's New" section.



## In Memoriam

The SD Real Estate Commission extends its sincerest sympathy to the families and friends of the following licensee who recently passed away:

Michael C. Richardson, Broker,  
Spearfish, SD



*Commission Chairperson Paula Lewis presents Brian Jackson with a plaque recognizing his service to the South Dakota Real Estate Commission at its December 1-2 meeting in Pierre.*

## Jackson Resigns from Commission

Brian Jackson, Sioux Falls, has resigned as public member of the SD Real Estate Commission. The resignation was effective November 1. A replacement has not yet been appointed.

Jackson was appointed to the Commission in 2003. He and his wife, Molly, live in Sioux Falls with their two sons.

Thank you, Brian, for your years of service!

## New Licensees

The SDREC would like to welcome the following new licensees.

### Auctioneer

Olson, Craig A - Canton

### Broker

Mahloch, Gregory A – Omaha, NE  
Miller, Barton R – Denver, CO  
Wuesthube, Carl – Dana Point, CA

### Broker Associate

Buck Mark A – Mitchell

Farrell, Kristine M – Milbank  
Gates, Laurie A – Canton  
Lintvedt, Rob M – Presho  
Schoenfelder, Todd – Sioux Falls  
Schwartz, Karen J – Sioux Falls  
Shippy, Linda – Winner  
Swenson, Nancy A – Sioux Falls  
Varga, Yasha G – Sioux Falls

**Property Manager**

Gourley, Paul H – Sioux Falls  
Swenson, Nancy A – Sioux Falls

**Residential Rental Agent**

Bye, Sara M – Vermillion  
Hager, Julie K – Sioux Falls  
Peterson, Nadeen E – Wakonda

## **SD Division of Securities Administrative Rules Regarding Business Brokers**

The SD Division of Securities recently adopted administrative rules that define when a real estate licensee is exempt from the securities division licensing requirements for the sale of a business that results in a securities transaction.

For questions regarding these rules or securities licensing requirements, contact the SD Division of Securities at 605-773-4823.

**20:08:03.18. Business brokers.**

(1) If a “business broker” as defined in subsection (2) below is involved in the sale of a business that results in a securities transaction, the business broker is exempt from registration as a broker-dealer and the agents for the business broker are exempt from registration as agents of the issuer if all the following conditions apply:

(a) In marketing a business, the business broker only advertises to potential buyers that the “business” is for sale;

(b) The business broker does not advise either the buyer or seller that the transaction be completed via a sale or purchase of securities;

(c) If the decision is made to conclude the sale of the business via a sale of securities, the sale is made by the buyer and seller or their advisors without the business broker’s advice;

(d) After the time, if any, the decision is made that the sale transaction is a securities sale the business broker then has a limited role in the negotiations between or among the parties and merely facilitates the transmittal of information or documents between the buyer and seller, or their advisors;

(e) In no event does the business broker have the authority to make binding agreements on behalf of any party to a securities transaction;

(f) The business broker does not assess the value of any security or equity interest to be sold, but may assess the total value of the assets or the business to be sold as a going concern;

(g) The business broker does not assist the buyer in obtaining financing.

However, the business broker may provide uncompensated introductions to lending sources that the buyer may consider for the transaction. The business broker also may help in completing the paperwork associated with loan applications for the buyer in order to assist in completing the transaction;

(h) The compensation to be paid to the business broker does not change regardless of the manner in which the sale is concluded (whether asset sale or the sale of securities);

(i) The business broker always advises potential buyers that the business broker does not and may not verify the information given to the business broker about the business;

(j) The business broker also advises potential buyers that the business broker does not make any representation about the accuracy of the information provided regarding any aspect of the business;

(k) The business sold is not a “shell” entity;

(l) The business broker does not handle the transfer of funds from a buyer to a seller, but may accept earnest money from a buyer for deposit with a third party escrow agent; and

(m) The business broker is always subject to the anti-fraud provisions of all state and federal securities acts.

(2) “Business broker” means those brokers who market and facilitate the transfers of businesses from one owner to another owner or group of purchasers formed without the assistance of the business broker.



### **The SD Real Estate Commission Office will be closed on the following days:**

Christmas Eve –  
Friday, Dec. 24

New Year’s Eve  
Friday, December 31

Martin Luther King, Jr. Day –  
Monday, January 17

## **Real Estate Regulatory News from Around the U.S.**

(used with permission from ARELLO)

### **HUD’s New Domestic Violence Rules**

Late last month, the U.S. Department of Housing and Urban Development (HUD) announced that it had published new, stronger affordable housing regulations that were initially promulgated under the U.S. Federal Violence Against Women Act (VAWA). VAWA was enacted to enhance the investigation and prosecution of violent crimes perpetrated against women and provides statutory protections to families receiving rental assistance under HUD's public housing, Housing Choice Voucher (HCV) and multi-family project-based "Section 8" programs. According to HUD Secretary Shaun Donovan, the new VAWA rules provide more detailed guidance to housing authorities and

Section 8 property owners on how to implement VAWA. For example, the new rules require that housing authorities or management agents exhaust defined protective measures before eviction. Evictions can only take place after the housing or subsidy providers have taken actions that will reduce or eliminate the threat to the victim, including transferring the victim to a different home; barring the abuser from the property; contacting law enforcement to increase police presence or develop other plans to keep the property safe; or seeking other legal remedies to prevent the abuser from acting on a threat. The new rule also broadens the definitions of "actual and imminent threat" to help housing or subsidy providers to understand that evidence of such a threat to other residents, as a reason for eviction, must be real and objective, not hypothetical, presumed or speculative. The regulations are available through [this link](#) to the U.S. Federal Register.

#### **UPDATE: U.S. FTC Finalizes "Mortgage Assistance Relief Services" (MARS) Rules**

The U.S. Federal Trade Commission (FTC) has finalized rules that it says will protect distressed homeowners from mortgage relief scams that have proliferated during the ongoing U.S. mortgage crisis. The new Mortgage Assistance Relief Services (MARS) rules, initially published for public comment last February, do not contain an exemption for real estate professionals that was sought by the National Association of REALTORS® (NAR).

The new rules arose from the emergence of bogus operations falsely claiming that, for a fee often collected in advance, they will negotiate various types of foreclosure relief. Many of these operations do not provide the promised services and some pretend to be affiliated with the U.S. government and/or other legitimate housing assistance programs.

#### **The Nationwide Ban on Advance Fees**

According to an FTC summary, the most significant consumer protection under the final MARS rules is the nationwide advance fee ban. Under this provision, mortgage relief companies may not collect

any fees until they have provided consumers with a written offer from their lender or servicer that the consumer decides is acceptable and a written document from the lender or servicer describing the key changes to the mortgage that would result if the consumer accepts the offer. MARS providers must remind consumers of their right to reject the offer without any charge.

#### **New Advertising Disclosures**

In their advertising and other communications directed at individual consumers, such as telemarketing calls, the companies also must disclose that:

- They are not associated with the government, and their services have not been approved by the government or the consumer's lender;
- The lender may not agree to change the consumer's loan; and
- If companies tell consumers to stop paying their mortgage, they must also tell them that they could lose their home and damage their credit rating.

Companies must also disclose the amount of any fee to be charged and explain to consumers that they can stop doing business with the company at any time, accept or reject any offer the company obtains from the lender or servicer and do not have to pay the company's fee if they reject the offer.

#### **Prohibited Service Claims**

The MARS rules also prohibit mortgage relief providers from making any false or misleading claims about their services, including claims about:

- The likelihood of consumers getting the results they seek;
- The company's affiliation with government or private entities;
- The consumer's payment and other mortgage obligations;
- The company's refund and cancellation policies;
- Whether the company has performed the services it promised;
- Whether the company will provide legal representation to consumers;
- The availability or cost of any alternative to for-profit mortgage assistance relief services;
- The amount of money a consumer will save by using their services; or
- The cost of the services.

MARS providers are also prohibited from telling consumers to stop communicating with their lenders or servicers and must maintain reliable evidence to back up any claims they make about the benefits, performance or effectiveness of the services they provide.

#### **No Exemption for Real Estate Agents**

The new rules contain a lengthy and very broad definition of "mortgage assistance relief services" that is intended to encompass all services that purport to help consumers stop, prevent or postpone any foreclosure sale or otherwise save the property, regardless of the form of the relief.

When the rules were initially released for public comment, NAR argued that real estate professionals should be exempt from the rules, especially with respect to short sales, as long as they do not hold themselves out to be a MARS providers or attempt to collect an upfront or other fee, other than traditional commissions paid at closing. The FTC did not incorporate the requested exemption. In its Final Rule Notice, the FTC concluded that an exemption for real estate agents is not necessary. The FTC noted that, "Real estate agents customarily assist consumers in selling or buying homes and perform functions such as listing homes for sale, showing homes, and finding desirable homes for consumers. The [FTC] is aware that real estate agents may perform these functions when properties are bought or sold through a short sale transaction, but does not consider these services to be MARS." An exemption from the MARS rules was, however, approved for attorneys, subject to certain conditions.

According to the FTC, the new rules will apply to all entities within the FTC's jurisdiction under the Federal Trade Commission Act. The Act excludes, among others, banks, savings and loans, federal credit unions, common carriers and entities engaged in the business of insurance. The 180-page final rule notice can be accessed at <http://www.ftc.gov/os/2010/11/R911003mars.pdf>.

#### **New U.S. Home Energy Initiatives: "Home Energy Score", "Power Saver Loans" and Workforce Guidelines**

In early November, the U.S. Department of Energy (DOE) and Vice  
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President Joe Biden announced the launch of "Home Energy Score", a voluntary pilot project that is designed to help homeowners make cost-effective decisions about energy improvements. Trained and certified contractors, known as "qualified home energy assessors" will use newly-developed energy software tools to generate a home energy score between 1 and 10, which will be presented as part of a simple graphic report to help homeowners understand their home's current efficiency level and how it compares to other homes in the area. The report will also provide an estimate of how much money could be saved by making energy retrofits and a personalized list of recommended improvements, with estimated annual savings and an estimated payback period for each upgrade. The pilot project, part of the Obama administration's "Recovery Through Retrofit" initiative, has been launched in selected regions across the U.S., before the program is to be made available nationwide. For more information, go to <http://www.homeenergyscore.gov>.

"Recovery Through Retrofit" refers to a report generated by the U.S. White House Council on Environmental Quality (CEQ). Through the Middle Class Task Force that he chairs, Vice President Biden asked CEQ to develop a proposal for federal action that would expand "green" job opportunities in the U.S. and boost energy savings by improving home energy efficiency. In response, CEQ facilitated a broad interagency process that resulted in the Recovery Through Retrofit Report.

The "Recovery Through Retrofit" initiative also resulted in the announcement of a new "FHA PowerSaver" program that will offer low-cost loans to credit-worthy borrowers for energy-saving home improvements. The new loans of up to \$25,000 will finance qualifying improvements including new insulation, duct sealing, doors and windows, HVAC systems, water heaters, solar panels and geothermal systems. "PowerSaver" loans will be backed by the FHA, "...but with significant 'skin' in the game' from private lenders", FHA said. FHA mortgage insurance will cover up to 90 percent of the loan amount in the event of default. Lenders will retain the remaining risk on each loan, thus incentivizing responsible underwriting and lending standards. In addition, lenders may be eligible for incentive grant payments

from FHA to enhance benefits to borrowers, such as lowering interest rates. HUD has published a notice of "Request for Comments and Expressions of Interest" that seeks the participation of a limited number of lenders for a two-year pilot period slated to begin in early 2011.

The U.S. Department of Energy (DOE) also has developed and published Workforce Guidelines for Home Energy Upgrades in the U.S. Federal Register. The voluntary guidelines are designed to help develop and expand the skills of the residential energy efficiency workforce, ensure the quality of the work performed and lay the foundation for a more "robust" national worker certification and training program.

## License Renewal 2010

A reminder to licensees who renew in 2010 – The end of the year is here!

If you have not completed your education requirements or submitted E&O insurance, the SDREC cannot mail your new active license out to you. If this is the case, you will be renewed on inactive status and you **CANNOT DO BUSINESS AS AN ACTIVE LICENSEE BEGINNING JAN. 1** until these requirements are met and you receive your new license certificate.

If you have not submitted a renewal form, your license, regardless of active or inactive status, will expire on Dec. 31.

Brokers – if your agents allow their licenses to expire or become inactive for not meeting the renewal requirements, you may not allow them to conduct business under your brokerage company. It is your responsibility to know the license status of your agents and take the appropriate steps to ensure they are not practicing real estate without an active license.

## Citations Issued

The Commission established the Citation Program to diminish the number of license law violations, decrease time required to bring licensees into compliance and to recover costs involved when action is required. The following individuals and/or firms have been issued

citations. Each licensee/company has agreed to a Stipulation of Assurance and Voluntary Compliance and has satisfied the requirements of the stipulation.

### **Failure to report change of association/business location within 10 days:**

Diane Dahl, Sioux Falls, Broker. \$50 penalty.

Janet Solum, Watertown, Property Manager. \$50 penalty

Stuart Thill, Sioux Falls, Broker Associate. \$50 penalty.

David Mettler, Sioux Falls, Broker. \$50 penalty.

## *South Dakota Real Estate VIEW*

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Articles by outside experts express the author's particular viewpoints. These opinions are not necessarily shared by the Commission, nor should they be mistaken for official policy. The articles are included because they may be of interest to the readers.

# APPRAISER UPDATE

This section of the SD Real Estate Review is the responsibility of the SD Dept. of Revenue & Regulation Appraiser Certification Program. Articles are printed here to communicate pertinent information to those appraisers who receive this newsletter and are licensed under the Certification Program. Inquiries can be directed to Sherry Bren, Program Administrator, 445 E. Capitol, Pierre, SD 57501, 605-773-4608

## Appraiser Certification Program Mission—Purpose—Intent

The Appraiser Certification Program was implemented July 1, 1990, pursuant to enactment of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) by Congress. The mission of the Program is to certify, license and register appraisers to perform real estate appraisals in the state of South Dakota pursuant to Title XI (FIRREA). The purpose of the Program is to examine candidates, issue certificates, investigate and administer disciplinary actions to persons in violation of the rules, statutes and uniform standards, and approve qualifying and continuing education courses. Title XI intends that States supervise all of the activities and practices of persons who are certified or licensed to perform real estate appraisals through effective regulation, supervision and discipline to assure their professional competence.

## Appraiser Certification Program Advisory Council

Council members provide recommendations to the Secretary of the Department of Revenue and Regulation in the areas of program administration in order to sustain a program that is consistent with Title XI. The Council meets quarterly in public forum. See the Website for meeting information. [www.state.sd.us/appraisers](http://www.state.sd.us/appraisers)

## Anonymous Complaints

ARSD 20:14:11:01.01. Anonymous complaints. Initiation of an investigation may be commenced upon receipt of an anonymous complaint if it meets the following criteria:

(1) The allegations of violations of any provision of this article are considered credible and based upon factual information which is independently verifiable; and

(2) The complaint is accompanied by a copy of the appraisal report or other documents which contain clearly identifiable errors or violations of the provisions of this article.

## Disciplinary Action Info

Information regarding disciplinary action taken against an appraiser is available upon written request to the Appraiser Certification Program, 445 E. Capitol Ave., Pierre, SD 57501 or e-mail – [Sherry.Bren@state.sd.us](mailto:Sherry.Bren@state.sd.us). Include in the request for information the name of the appraiser and the appraiser's city and state of residence.

## Review of Cases

For the period 1/1/10– 11/15/10, the Department has received 19 upgrade applications and initiated 21 complaint investigations.

Upgrades – 10 pending, 1 agreed disposition, and 8 issued.

Complaints – 11 pending, 3 final dispositions, and 7 dismissed.

## New Licensees

James E. Canavan, State-Certified General – Portland, ME

Peter M. Margerum, State-Certified Residential – Prospect, KY

Jed R. Klein, State-Registered – Huron

Amanda E. Murphy-Sanders – Louisville, KY

## Upgrades – Nov. 2010

Stuart Almos, State-Certified Residential

Gregg Neu, State-Licensed

## Contents of a Workfile as Required by USPAP

What information must be retained in an appraiser's workfile?

An appraiser must prepare a workfile for each appraisal, appraisal review, or appraisal consulting assignment. The Record Keeping section of the ETHICS RULE states:

The workfile must include:

the name of the client and the identity, by name or type, of any other intended users;

true copies of any written reports, documented on any type of media (A true copy is a replica of the report transmitted to the client. A photocopy of an electronic copy of the entire signed report transmitted to the client satisfies the requirement of a true copy.);

summaries of any oral reports or testimony, or a transcript of testimony, including the appraiser's signed and dated certification; and

all other data, information, and documentation necessary to support the appraiser's opinions and conclusions and to show compliance with USPAP, or references to the locations(s) of such other documentation.

The appraiser's assignment workfile serves several purposes. As in many other professions, the discipline of enforcement by public agencies and peer review, together with one's self-discipline and dedication of effort, serves to ensure performance of assignments in compliance with professional standards. In addition to facilitating enforcement, a workfile aids the appraiser in handling questions from the client or an intended user subsequent to the date of the report.

An appraiser's assignment workfile preserves evidence of the appraiser's compliance with USPAP and other information as may be required to support the appraiser's opinions, conclusions, and, in the case of an appraisal consulting assignment, recommendations. [USPAP FAQ – Page F-29, Question Number 59.]

## Records as Required by Administrative Rule

A real estate appraiser shall retain originals or true copies of all written contracts engaging the appraiser's services for real estate appraisal work and all reports and supporting data assembled and formulated by the appraiser in preparing the reports for five years. The five-year period for retention of the records is applicable to each engagement of the services of the appraiser and begins on the date of the submittal of the appraisal to the client. However, if, within the five-year period, the appraiser is notified that the appraisal or report is involved in an investigation, litigation, or state or federal review, the five-year period for the retention of the records begins on the date of the final disposition of that investigation, litigation, or state or federal review. [ARSD 20:14:07:01]

## Appraiser Qualifications Board Q&A

*The Appraiser Qualifications Board (AQB) of The Appraisal Foundation establishes the minimum education, experience and examination requirements for real property appraisers to obtain a state certification. The AQB Q&A is a form of guidance issued by the AQB to respond to questions raised by appraisers, enforcement officials, users of appraisal services and the public to illustrate the applicability of the Real Property Appraiser Qualification Criteria and Interpretations of the Criteria in specific situations and to offer advice from the AQB for the resolution of appraisal issues and problems. The AQB Q&A may not represent the only possible solution to the issues discussed nor may the advice provided be applied equally to seemingly similar situations. AQB Q&A does not establish new Criteria. AQB Q&A is not part of the Real Property Appraiser Qualification Criteria. AQB Q&A is approved by the AQB without public exposure and comment.*

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### Qualifying Education

Question: I was pursuing a General Certification credential and completed a 30-hour qualifying education course on "General Appraiser Market Analysis and Highest and Best Use" approved by my state. I decided to pursue a Residential Certification instead, which requires 15 Hours of "Residential Market Analysis and Highest and Best Use." Can I use the General Appraiser course to

count as my qualifying education in this category?

Response: The Real Property Appraiser Qualification Criteria sets forth module names of the Required Core Curriculum areas which must be covered in a candidate's qualifying education for each appraiser classification sought. Furthermore, Guide Note 1 of the criteria provides guidance on subtopic areas that should be covered under each of the modules of the Required Core Curriculum, in order to prepare the candidate to pass the National Uniform Licensing and Certification examination for the specific credential. However, coverage of all of the subtopics under each module is not required in order for a course to be approved by your state appraiser regulatory agency as qualifying education.

Thus, given the commonality between the subtopics covered in the respective General and Residential Highest and Best Use courses, under the Criteria, a state could approve the General course toward the Required Core Curriculum for the Residential classification. However, be sure to check with the specific state appraiser regulatory agency in the jurisdiction in which you are seeking a credential to verify their specific requirements and course approvals, which could be more specific.

### Continuing Education

Question: I am certified in multiple states. If I attend and successfully complete a continuing education course in one state, can I use it to count toward my recertification in another state?

Response: In the event the course, provider and delivery mechanism (classroom or distance education) are approved in both states, then each state may grant you CE credit for taking the one course. Each state has a unique method of approving courses. Thus, be sure to check with the specific state appraiser regulatory agency in the jurisdictions in which you are seeking to recertify your credentials to verify their requirements.

### Qualifying Experience

Question 1: Is there an assumption that a typical residential appraisal takes "X" hours to develop and report? If someone submits a log to the state and says they have acquired 3,000 hours of experience by doing ten "URAR" form reports, would they be believed? Or, is there a range that makes sense, like between 4 and 12 hours for a "typical" assignment?

Response: The Real Property Appraiser Qualification Criteria does not specify the

amount of experience hours which may be claimed per assignment. The state appraiser regulatory agency in the jurisdiction where you are seeking a credential is responsible for examining your experience log and must be satisfied there is a reasonable relationship between the amount of time you claim to have spent on an assignment and your description of work performed. Some states have established typical hours for specific types of appraisal assignment types, which they use as a benchmark to identify potentially excessive experience claims. Be sure to check with your supervisory appraiser and your state appraiser regulatory agency to make sure you comply with the hourly requirements when claiming experience.

Question 2: I am employed by a county appraisal district where we value properties for ad valorem tax purposes. My job requirements include valuing real property using the sales comparison approach, performing on-site inspections of properties, using mass appraisal tools to assign real property values, analyzing sales on an annual basis, etc. Our state requires that my appraisal experience for state licensure or certification must comply with the Appraiser Qualifications Board criteria for acceptable experience. Does my position as a Residential Appraiser at the appraisal district meet the AQB criteria for acceptable experience?

Response: Just by serving in a municipal appraisal position, you are not automatically granted credit. Per the Real Property Appraiser Qualification Criteria the quantitative experience requirements must be satisfied by time spent on the appraisal process: analyzing factors that affect value; defining the problem; gathering and analyzing data; applying the appropriate analysis and methodology; and arriving at an opinion and correctly reporting the opinion in compliance with USPAP. Based upon the minimum criteria set forth by the AQB, a state could, after review of your work log and work samples, grant you experience credit for work completed in ad valorem, mass appraisal assignments. However, check with the specific state appraiser regulatory agency in the jurisdiction in which you are seeking a credential to verify their requirements, which may be more restrictive.

Question 3: I am presently a Certified Residential appraiser and I am pursuing a change to Certified General. I realize a Trainee who applies to become Certified

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General is required to accumulate 3,000 hours of experience (with at least 1,500 being non-residential). However, does this mean that a Certified Residential appraiser would only have to accumulate 1,500 hours of commercial experience to satisfy the experience requirement?

Response: The Real Property Appraiser Qualification Criteria requires 3,000 hours of experience accumulated during no fewer than 30 months, of which 1,500 hours must be non-residential. Under the Criteria, experience gained in pursuit of a credential is not exclusive to that specific credential. Thus, based upon the minimum criteria set forth by the AQB, a state appraiser regulatory agency could, after review, count the experience earned toward your Certified Residential credential along with the additional experience earned toward the 3,000-hour requirement for the Certified General credential. However, be sure to check with the specific state appraiser regulatory agency in the jurisdiction in which you are seeking a credential to verify their requirements, which may be more restrictive.

Question 4: I have been a Licensed Real Estate agent for several years and also an appraiser Trainee for over one year. I have a supervisor for whom I do appraisals and I also get paid by a bank to do Broker Price Opinions (BPOs) that require very similar information

as an appraisal (including providing six comps). I act as a completely unbiased person doing these BPOs and have no interest in the properties. Can these BPOs be counted on my appraisal experience log?

Response: If the BPOs do not comply with USPAP, regardless of the level of detail or the scope of work performed, they are ineligible for experience credit. (Refer to the 2010-11 USPAP document for further information on not misrepresenting your role when acting as an appraiser versus a broker/sales person/mortgage broker.)

If, however, the development and reporting of the BPO complies with USPAP, and your supervisory appraiser provides direct supervision over your preparation thereof, reviews and signs your work product, it is possible a state appraiser regulatory agency might count these as appraisal experience. However, be sure to check with the specific state appraiser regulatory agency in the jurisdiction in which you are seeking a credential to verify their requirements, which may be more restrictive.

Question 5: I am a licensed forester and an Appraiser Trainee. My supervisory appraiser is a forester and a Certified General Appraiser. As a part of my company's forestry practice, I often perform timber inventory and valuation reports (timber

cruises) to estimate the value of timber. Can I utilize my timber cruise experience to satisfy the 3,000 hours of required real property appraisal experience toward earning a Certified General credential?

Solely developing a timber inventory and valuation report does not qualify for real property valuation experience. However, if you develop a timber inventory and valuation report and appropriately utilize this information in an appraisal of real property, it may qualify for real property valuation experience provided the appraisal complies with USPAP. Furthermore, as with other types of appraisal assignments, an individual providing significant real property appraisal assistance in the appraisal may receive credit for these assignments, provided the individual is duly acknowledged in the certification of the report as having provided significant real property appraisal assistance, and the description of their assistance is included in the appraisal report. Be sure to check with the specific state appraiser regulatory agency in the jurisdiction in which you are seeking a credential to verify their requirements, which may be more restrictive.

The AQB Q&A is posted on The Appraisal Foundation website [www.appraisalfoundation.org](http://www.appraisalfoundation.org).)